

April 15, 2010

#### State of Utah

Department of Natural Resources Division of Oil, Gas and Mining 1594 West North Temple – Suite 1210 Box 145801 Salt Lake City, Utah 84114-5801

### Dear Wayne and Paul:

Attached are the updated Surety Bond Recalculation worksheets for the 2010 year. The revisions that were discussed in the April 8 meeting were made. Please review these new spreadsheets and see if any further modifications should be made.

If you have any questions please call or e-mail at your convenience.

Sincerely,

Alysen Pédersen Mine Geologist

Palladon Iron Corporation
6249 West Gilbert Industrial Court
Hurricane, UT 84737
Phone: 435.627.1899
Fax: 435.627.2938

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DIV. OF OIL, GAS & MINING

Iron Mountain N	ine (M/021/008)
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### **Bond Amount**

## Revised March 2010

# **Bonding Calculations**

### **Direct Costs**

Subtotal Demolition and Removal Subtotal Backfilling and Grading Subtotal Revegetation Direct Costs	\$100,526.03 \$69,561.83 \$321,920.00 \$492,007.86	
Indirect Costs Mob/Demob Contingency Engineering Redesign Main Office Expense Project Mainagement Fee Subtotal Indirect Costs	\$49,201.00 \$24,600.00 \$12,300.00 \$33,457.00 \$12,300.00 \$131,858.00	10.0% 5.0% 2.5% 6.8% 2.5% 26.8%
Total Cost 2009	\$623,865.86	
Number of years Escalation factor Escalation	\$41,619.00	5 0.013
Reclamation Cost Escalated	\$665,484.86	
Bond Amount (rounded to nearest \$1,000) 2013 Dollars	\$665,000.00	
Posted Bond	\$1,426,000.00	
Difference Between Cost Estimate and Bond Percent Difference	\$761,000.00	

Total Earth-moving Costs

Total									Caterpillar D10T	Caterpillar D10T	Caterpillar 631G Push-Load Scraper	Caterpillar D10T	Caterpillar D10T	CAT 14H Motor Grader	CAT 14H Motor Grader	Caterpillar D10T	Equipment Type	
		The second secon							\$18	\$18	\$13	\$18		\$6	\$6	\$18	Cost	Fauipment
										\$183.00 \$130.15	\$132.33 \$113.20	40	183 130.15	\$63.98 \$43.05		\$183.00 \$130.15	_	ent Operating
										15 \$27.45		7			05 \$9.60		-	a   Equipment
										\$28.82			140	\$16.81		\$28.82	Wage Rate	Uperators
							4		\$369.42	\$369.42	\$292.46	\$369.42	369.42	\$133.44	\$133.44	\$369.42	Cost	Hourly
									1	1	1	1	1	1	1	1	or Eq.	of Men
									\$369.42 HR	\$369.42 HR	\$292.46 HR	\$369.42 HR	369.42 HR	\$133.44 HR	\$133.44 HR	\$369.42 HR	Costs	Fo. & Lab
									R	R	R	R	R	R	R	R	Units	
									2296 LCY	118.789214 HRS	45817 LCY	28.4 AC	9135.69 BCY	19.82 AC	241.39 AC	64565.6 BCY	Quantity	
									LCY	HRS	LCY	AC	BCY	AC	AC	ВСҮ	Units	
					3 10				466	2.692	385.7	2.26	4194	7.3	6.6	4194	Rate	Production
			10						466 LCY/HR	2.692 Scr/Pshr	385.7 LCY/HR	2.26 AC/HR	4194 BCY/HR	7.3 AC/HR	6.6 AC/HR	4194 BCY/HR	Units	
					18 Sec. 18				4.92703863 HRS	45 HRS	118.789214 HRS	12.5663717 HRS	2.18 HRS	2.71506849 HRS	36.5742424 HRS	15.3947544 HRS	Time/Dis.	Labor
			127						RS	IRS	RS	IRS	IRS	IRS	IRS	łRS	Units	
\$69,561.83	100					1			\$1,820.15 Berm	\$16,623.90	\$34,741.03 Topsoil Haul	\$4,642.27	\$ 804.70	\$362.29	\$4,880.36 Scarify	\$5,687.13 Rip	Cost	
									Berm	\$16,623.90 Topsoil Haul	Topsoil Haul	\$4,642.27 Topsoil Spread	Dump extension	\$362.29 Regrade	Scarify	Rip		

<sup>\*</sup>The hourly rates are from current blue book values from Equipment Watch, as well as current Davis Bacon Wage rates from UDOT

56	55 53 55 55	45 46 47 48 49 50	40 41 43	39	37	32 33 34 35	25 26 27 28 29 30	22 23 24	18 19 20 21	13 14 16 17	5 6 6 7 8 8 9 9 10 11 12	4 3 2	] [-]	Ref#
To be Decided	UI Mtn Lion/Comstock Processing Area		Comstock	Railroad Spur Railroad Spur	Anthill	Mtn Lion Dump	Mtn Lion Pit	Future Mtn Lion Dump	Excellsior/Chesapeake	Пр Тор	Duncan	Black Hawk	Burke Pit Road	# Area
2 for 1 Reclamation area	Dump Slopes Ore Handling Area-South Tipple (foundation) Transformer	Dump Extension Maintenance Shop area Ore Handling Area Road over Dump Road near Load Out Road to Mtn Lion Dump Two small wedges	Pit Pit benches Lean Ore Stockpile Lean Ore Stockpile Dump Slopes	Level Area Level Area	Borrow Area	Dump top Dump top Dump slopes Dump slopes Pit roads	Pit Bottom Pit Bottom Pit slopes Pit slopes Pit slopes Pit benches Pit benches Pit roads	Dump Top Dump Slopes Roads	Pit and Road  Dump Slope  Level Area  Road-Post-Act Disturbed	Dump Top Dump Slope Pit Road-Post-Act Disturbed Road-Outslopes and Cuts	Duncan Pit Duncan Pit Road Access Road from Highway Access Road from Tip Top Load Out Area Dump Top Dump Slope Topsoil Borrow Area	Lean Ore Stockpile Lean Ore Pile Road Fines area and Road	Level Areas/Road	Description
seed, electric broadcaster mounted on CAT D10T, compost	seed, electric broadcaster mounted on CAT D10T, compost seed, electric broadcaster mounted on CAT D10T, compost seed, electric broadcaster mounted on CAT D10T, compost	seed, electric broadcaster mounted on CAT D10T, compost	seed, electric broadcaster mounted on CAT D10T, compost	electric broadcaster mounted on CAT D10T, electric broadcaster mounted on CAT D10T,	seed, electric broadcaster mounted on CAT D10T, compost	seed, electric broadcaster mounted on CAT D10T, compost	seed, electric broadcaster mounted on CAT D10T, compost	seed, electric broadcaster mounted on CAT D10T, compost seed, electric broadcaster mounted on CAT D10T, compost seed, electric broadcaster mounted on CAT D10T, compost	seed, electric broadcaster mounted on CAT D10T, compost	seed, electric broadcaster mounted on CAT D10T, compost	seed, electric broadcaster mounted on CAT D10T, compost seed, electric broadcaster mounted on CAT D10T, compost seed, electric broadcaster mounted on CAT D10T, compost	seed, electric broadcaster mounted on CAT D10T, compost seed, electric broadcaster mounted on CAT D10T, compost		Seeding Materials
\$1,000.00	\$1,000.00 \$1,000.00 \$1,000.00	\$1,000.00 \$1,000.00 \$1,000.00 \$1,000.00 \$1,000.00		\$1,000.00 \$1,000.00	\$1,000.00	\$1,000.00 \$1,000.00 \$1,000.00 \$1,000.00 \$1,000.00	\$1,000.00 \$1,000.00	\$1,000.00 \$1,000.00 \$1,000.00	\$1,000.00 \$1,000.00 \$1,000.00 \$1,000.00	\$1,000.00 \$1,000.00 \$1,000.00 \$1,000.00 \$1,000.00	\$1,000.00 \$1,000.00 \$1,000.00 \$1,000.00	(2000)		Unit
\$/Acre	\$/Acre \$/Acre \$/Acre	\$/Acre \$/Acre \$/Acre \$/Acre	\$/Acre \$/Acre \$/Acre	\$/Acre	\$/Acre	\$/Acre \$/Acre \$/Acre \$/Acre \$/Acre	\$/Acre \$/Acre	\$/Acre \$/Acre \$/Acre	\$/Acre \$/Acre \$/Acre \$/Acre	\$/Acre \$/Acre \$/Acre \$/Acre	\$/Acre \$/Acre \$/Acre	\$/Acre - \$/Acre	\$/Acre	Unit
11.07 6.6 6.6 321.92	4.78 3.01 3.28	42.5 8.94 16.58 - - - 3.78 0.67	14.64 38.47 17.72	2.06 2.96 2.11 5.07	2.06	21.54 4.98 7.8 1.4 2.41	2.48 11.33 6.72	24.6 9.19 2.28 36.07	3.02 1.15 1.36 1.17 6.7	0.87 1.09 0.96 1.51 1.4 5.83	2.2 2.2 - - 26.48 1.44 - - 1.68 31.8	8.65 - 2.92 11.57	3.19 3.19	Quantity
Acre	Acre Acre Acre	Acre Acre Acre Acre Acre	Acre Acre Acre	Acre Acre	Acre	Acre Acre Acre Acre	Acre Acre	Acre Acre	Acre Acre Acre	Acre Acre Acre Acre	Acre Acre Acre Acre	Acre Acre	Acre	Unit
6,600.00 6,600.00 321,920.00	4,780.00 3,010.00 3,280.00	42,500.00 8,940.00 16,580.00 3,780.00 670.00	14,640.00 38,470.00 17,720.00	2,060.00 2,960.00 2,110.00 5,070.00	2,060.00	21,540.00 4,980.00 7,800.00 1,400.00 2,410.00 38 130.00	2,480.00 11,330.00 6,720.00	24,600.00 9,190.00 2,280.00 36,070.00	3,020.00 1,150.00 1,360.00 1,170.00 6,700.00	870.00 1,090.00 960.00 1,510.00 1,400.00 5,830.00	2,200.00 2,6,480.00 1,440.00 1,680.00 31,800.00	2,920.00 11,570.00	3,190.00 3,190.00	Total Cost

110 9 8 7 6 Ref# 52 53 55 40 41 42 43 44 44 45 46 47 48 49 50 36 33 32 25 26 27 28 29 30 31 22 23 18 19 20 21 13 14 15 16 17 Area Duncan Tip Top Black Hawk Railroad Spur Railroad Spur Mtn Lion Dump Mtn Lion Pit Future Mtn Lion Dump UI Mtn Lion/Comstock Processing Area Comstock Dump Top
Dump Slope
Pit Duncan Pit Road
Access Road from Highway
Access Road from Tip Top
Load Out Area
Dump Top
Dump Slope
Topsoil Borrow Area Dump Slopes
Ore Handling Area-South
Tipple (concrete foundation)
Transformer Pit
Pit benches
Lean Ore Stockpile
Lean Ore Stockpile
Dump Slopes
Dump Extension
Maintenance Shop area
Ore Handling Area
Road over Dump
Road over Dump
Road to Mfn Lion Dump
Two small wedges Pit and Road

Dump Slope

Level Area

Road-Post-Act Disturbed Lean Ore Stockpile
Lean Ore Pile Road
Fines area and Road Dump Top Dump Slopes Roads Dump top
Dump slopes
Dump slopes
Pit roads Duncan Pit (old powder shed) Description Dump top (old powder shed) Level Area (concrete slab along the spur)
Level Area (concrete slab along the spur) evel Areas/Road Mixture of Types Concrete Mixture of Types Concrete Materials Demolition Costs

Means
Reference
Number 024116130100 024116170240 024116130100 024116170240 Unit .35 Unit \$/C.F. \$/S.F. \$/C.F. \$/S.F. Length Width Height Area 292.4 292.4 375 375 750 Volume 5000 0.00 0.00 Unit Total Cost 0.00 1,750 1,283.64

TOTAL: 93,7

56	52 53 54	50	46 48	44	43	410	39	38	37	36	35 4	32	31	30	28	26 27	25	24	23	3	20	19 8		16 17	15	13	12	1 7	10	0 00 -	7 0	5	4	<b>ω</b> 2			Ket#
To be Decided	UI Mtn Lion/Comstock Processing Area					Comstock	Railroad Spur	Railroad Spur	Anthill			Mtn Lion Dump					Mtn Lion Pit		ndture with clon Dump	7.1.1.1.1.1.1.1.1.1.1.1.1.1.1.1.1.1.1.1		Excellsior/Chesapeake				Tip Top						Duncan		Black Hawk	DUING FIL INCOM	Budo Di Dood	Area
2 for 1 Reclamation area	Dump Slopes Ore Handling Area-South Tipple (concrete foundation) Transformer	Road near Load Out Road to Mtn Lion Dump Two small wedges	Maintenance Shop area Ore Handling Area Road over Dump	Dump Slopes  Dump Extension	Lean Ore Stockpile	Pit benches	Level Area (concrete slab along the spur)	Level Area (concrete slab along the spur)	Borrow Area	Pit roads	Dump slopes  Dump slopes	Dump top (old powder shed)  Dump top	Pit roads	Pit benches	Pit slopes	Pit Bottom Pit slopes	Pit Bottom	Roads	Dump Slopes		Road-Post-Act Disturbed	Dump Slope		Road-Post-Act Disturbed Road-Outslopes and Cuts	Pit Pit	Dump Top	Topsoil Borrow Area	Dump Slope	Dump Top	Access Road from Tip Top	Duncan Pit Road	Duncan Pit (old powder shed)	Fines area and Road	Lean Ore Stockpile Lean Ore Pile Road	LEVELNICASITWAN	Lovel Association	Description
	Demolition Material						Demolition Material	Demolition Material				Demolition Material																				Demolition Material					
	Iron County Municipal Landfill						Iron County Municipal Landfill	Iron County Municipal Landfill	•	-		Iron County Municipal Landfill															•					Iron County Municipal Landfill				Reference Number	,
1	17.00				ļ. ļ.	- -	PRECEDEN	17.00		-		17.00		1	-				.									,	.			17.00				Cost	
	\$/C.Y	[.].	. .				\$/C.Y	\$/C.Y		-		\$/C.Y	•														-	-		[.]		\$/C.Y					
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	241.78	0.00					472.22	236.11	0.00	3 033 64		3,332.25	0.00	-				0.00		0.00			0.00				3,033.64				.	3,332.25	-		0.00		